

Message Text

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47

ACTION EB-11

INFO OCT-01 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01 ADP-00

OMB-01 TAR-02 AGR-20 AID-20 CIAE-00 COME-00 INR-10

IO-12 LAB-06 NSAE-00 OIC-04 SIL-01 STR-08 TRSE-00

CIEP-02 CEA-02 L-03 RSR-01 /172 W

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R 111230 Z MAY 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 9259

INFO AMEMBASSY BANGKOK

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY OTTAWA

AMEMBASSY PORT LOUIS

AMEMBASSY PRETORIA

AMEMBASSY SANTO DOMINGO

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E. O. 11652: N/A

TAGS: ETRD, UNCTAD

SUBJECT: UN SUGAR CONFERENCE

SUMMARY: SUGAR CONFERENCE HAS HAD SLOW START. AFTER
WELCOMING STATEMENT BY UNCTAD SEC GEN PEREZ- GUERRERO,
CONFERENCE HAS HEARD STATEMENTS FROM 27 DELEGATIONS CONTAINING
FEW SURPRISES. EXECUTIVE (EXCOMM), ECONOMIC (ECONCOM),
ADMINISTRATIVE (ADMINCOM) AND STATISTICS (STATCOM)
COMMITTEES HAVE BEEN ESTABLISHED, BUT THERE HAS BEEN
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PROBLEM FINDING CHAIRMEN AND ONLY STATCOM HAS BEGUN WORK.
END SUMMARY.

1. AFTER WELCOMING DELEGATES AND PARTICULARLY GDR, WHICH ATTENDING FIRST UNCTAD COMMODITY CONFERENCE, PEREZ-GUERRERO GAVE PREDICTABLE HOPEFUL SPEECH. HE SAID HE HOPED "SPECIAL ARRANGEMENTS" WOULD CONTINUE TO CONTRIBUTE TO SUGAR TRADE AND TO DEVELOPMENT AND NOT DISRUPT TRADE, MAKING SPECIFIC REFERENCE TO COMMONWEALTH SUGAR AGREEMENT (CSA) AND EEC IN THIS REGARD. ATTRIBUTING CURRENT HIGH PRICES TO BAD WEATHER, HE SAID CONFERENCE SHOULD NOT BE LULLED BY FALSE SENSE OF SECURITY AND POINTED TO PAST CYCLICAL PATTERN OF PRICE MOVEMENTS. PEREZ-GUERRERO IDENTIFIED QUOTA ALLOCATIONS, PRICE LEVELS, MECHANISM TO HANDLE CHANGES IN EXCHANGE RATES OF KEY CURRENCIES, SUPPLY COMMITMENT, AND MARKET ACCESS AS MOST IMPORTANT ISSUES. SAID HE HOPED UNCTAD COMMODITY MANDATE (RESOLUTION 83(III)) AND RESOLUTION 7(VII) OF COMMODITIES COMMITTEE WOULD BE FULFILLED BY RESULTS OF CONFERENCE.

2. CONFERENCE HAS HAD TROUBLE FINDING OFFICERS. SINCE NO OTHER GENERALLY ACCEPTABLE CANDIDATE EMERGED, JONES-PARRY, EXECUTIVE DIRECTOR OF ISO, WAS ELECTED CHAIRMAN. EXPORTERS NAMED RAUL LEON TORRES, CUBAN FIRST VICE MINISTER OF FOREIGN TRADE, AS THEIR SPOKESMAN AND AS CONFERENCE VICE CHAIRMAN. IMPORTERS HAVE NOT FOUND SPOKESMAN/ VICE CHAIRMEN, ALTHOUGH IT NOW APPEARS KAYA (JAPAN) WILL BE VICE CHAIRMAN, AND CLARK (CANADA) WILL CHAIR IMPORTERS GROUP WHEN OTHER COMMITMENTS ALLOW. DOWLING (FIJI), WHO CHAIRS ISO STATCOM, ELECTED TO SAME POSITION IN CONFERENCE. LAJOUS (MEXICO) SUGGESTED TO HEAD ECONCOM, BUT IS LEAVING THIS WEEK. WALL (UK SUGGESTED AS VICE CHAIRMAN TO HANDLE MAY MEETING WITH LAJOUS TO TAKE OVER IN SEPTEMBER. EC, HOWEVER, REFUSED ALLOW WALL TO SERVE, SAYING HE MIGHT INADVERTENTLY MAKE COMMITMENTS ON BEHALF COMMUNITY. (BRITISH ARE GENERALLY UNHAPPY WITH COMMUNITY NEGOTIATING POSITION.) SEARCH IS ON AGAIN. NO CHAIRMAN YET FOUND FOR ADMINCOM, WHICH WILL NOT BEGIN WORK UNTIL WEEK OF MAY 14.

3. SEVERAL MAJOR THEMES EMERGED FROM GENERAL STATEMENTS. EXPORTERS FALL INTO TWO CAMPS ON QUOTAS, THOSE WHO BELIEVE THEIR ALLOCATIONS IN 1968 ISA QUOTA INADEQUATE AND THOSE WHO WISH TO PROTECT 1968 SHARES ALTHOUGH PERFORMANCE DOES NOT WARRANT IT. LIMITED OFFICIAL USE

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EXPORTERS UNANIMOUS IN STATING PRICE LEVELS MUST BE RAISED, WHICH NOT CONTESTED BY IMPORTERS. EXPORTERS ALSO GENERALLY CALLED FOR SOME METHOD TO DEAL WITH CURRENCY CHANGES AND FOR COMMITMENT BY IMPORTERS TO PURCHASE WHEN PRICES LOW AS RECIPROCAL OF SUPPLY COMMITMENT WHICH IN CURRENT MARKET BENEFITS IMPORTERS. SOME HAVE ALSO CALLED FOR LIMITATION OF AMOUNT OF SUPPLY COMMITMENT AND DOMINICAN REPUBLIC EVEN CALLED WHOLE CONCEPT "IMMORAL"

SINCE DEVELOPING COUNTRIES SUBSIDIZING DEVELOPED. (DR
HAS POOR RECORD IN MEETING ITS COMMITMENTS.)

4. LARGEST IMPORTERS FROM FREE MARKET (JAPAN, CANADA)
HAVE JOINED EXPORTERS IN CALLING FOR NEW AGREEMENT RATHER THAN
EXTENSION OF CURRENT AGREEMENT. CANADA MADE RELATIVELY TOUGH
SPEECH, SAYING MOST RECENT INCREASE IN SUPPLY COMMITMENT
PRICE AFTER U. S. DEVALUATION ERODED DELICATE BALANCE OF RECIPROCAL
RIGHTS AND OBLIGATIONS NEGOTIATED IN 1968.

5. CUBA MADE NON- POLITICAL STATEMENT WHICH DID NOT MENTION U. S.
CALLED FOR MINIMUM AND MAXIMUM PRICES OF RANGE OF SIX AND NINE
CENTS AND SCP OF 11 CENTS. ASKED FIVE CENT PURCHASE COMMITMENT
PRICE. CUBAN DEL DESCRIBED EFFORTS TO INCREASE PRODUCTION AND
BLAMED LOW 1971-72 PRODUCTION ON WEATHER. SAID CURRENT CROP
HAS ALREADY EXCEEDED FIVE MILLION METRIC TONS AND CALLED FAO
PROJECTION OF SEVEN MILLION TON CUBAN PRODUCTION IN 1980
" RIDICULOUSLY LOW". (CUBAN AND SOME OTHER STATEMENTS BEING
POUCHED TO EB/ ORF/ TRP.)

6. EC (JACQUOT) PROPOSED EXTENSION OF CURRENT AGREEMENT BECAUSE
OF SUCH UNCERTAINTIES AS CURRENT TIGHT MARKET, EXPIRATION U. S.
SUGAR ACT IN 1974, NEW SOVIET FIVE- YEAR PLAN, AND EC' S OWN PROBLEMS
WITH CSA SUPPLIERS. SAID CSA PROBLEMS WILL BE SOLVED IN
NEGOTIATIONS WITH ASSOCIABLE COMMONWEALTH SUPPLIERS AND
PLEGGED TRY AS RAPIDLY AS POSSIBLE TO SET OUTLINES OF SUGAR
POLICY WITH REGARD TO BOTH CAP AND COMMONWEALTH ACCESS.
MANY DELS FOUND STATEMENT PRESUMPTUOUS AND EC IS CLEARLY ON THE
GRIDDLE. BY CONTRAST, U. S. STATEMENT, WHICH NON- SPECIFIC ON
SUBSTANCE BUT POSITIVE IN TONE, WAS RECEIVED FAVORABLY BY OTHER
DELS.

7. JONES- PARRY HAS ANNOUNCED THAT HE DOES NOT WISH TO TACKLE
ISSUES OF SPECIAL ARRANGEMENTS, QUOTAS, PRICES, AND ACCESS
COMMITMENTS THIS EARLY IN CONFERENCE. ACTION IN NEXT WEEK
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WILL PROBABLY CENTER ON APPROVING NON- CONTENTIOUS ADMINISTRATIVE
AND OTHER ARTICLES AND CONFERENCE WILL NOT GET TO BASIC ISSUES FOR
SOME TIME. BASSIN

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